

**PUBLIC DISCLOSURE**

JULY 26, 2004

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**BENJAMIN FRANKLIN SAVINGS BANK**

**58 MAIN STREET  
FRANKLIN, MA 02038**

**DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110**

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **BENJAMIN FRANKLIN SAVINGS BANK (or the "Bank")** prepared by the Division, the institution's supervisory agency, as of **JULY 26, 2004**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

**INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory"**

The Bank's overall High Satisfactory rating was measured on three performance criteria: the Lending Test, the Investment Test, and the Service Test and covers the period January 1, 2002 through December 31, 2003. The bank's performance in each of these areas is summarized below.

Under the Lending Test, the Bank is assigned an overall High Satisfactory primarily based on the Bank's performance in lending inside and outside the assessment area, providing mortgage loans to low and moderate-income borrowers, and commercial loans to small businesses, especially very small businesses as well as the use of several innovative and flexible lending programs. Approximately, 79.8 percent of the Bank's mortgage loans and 86.8 percent of the small business loans were made in the assessment area. Lending was well distributed throughout the assessment area. The Bank's distribution of home mortgage loans among borrowers of different income levels was good given the assessment area's demographics and the comparison of all other Home Mortgage Disclosure Act ("HMDA") reporting lenders within the assessment area. The Bank's small business loan distribution among businesses of different sizes is also considered very good.

Given the opportunities available in the assessment area, the Bank has made a good level of qualified investments. Donations were made to organizations that serve the needs of low and moderate-income individuals and demonstrate the Bank's commitment to the community. Therefore, the Bank's investment performance receives a rating of High Satisfactory.

Under the Service Test, the bank is rated High Satisfactory. Benjamin Franklin Savings Bank's delivery systems are readily accessible to all portions of the assessment area. The Bank's services are designed to meet the needs of the assessment area, with specific services benefiting low and moderate-income individuals. Bank personnel meet with local community organizations to discuss the credit needs of the community, and donate their time and expertise through their volunteer efforts in a variety of public service, charitable, and youth organizations, particularly those that serve low and moderate-income individuals within the assessment area.

**LENDING, INVESTMENT, AND SERVICE TEST TABLE**

<b>PERFORMANCE TESTS</b> <b>Benjamin Franklin Savings Bank</b>			
<b>Performance Levels</b>	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	<b>X</b>	<b>X</b>	<b>X</b>
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

\*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Benjamin Franklin Savings Bank was founded in 1871 and is a state chartered, stock-owned savings bank wholly owned by Benjamin Franklin Bancorp, M.H.C. As of its June 30, 2004, Federal Deposit Insurance Corporation ("FDIC") Quarterly Call Report, Benjamin Franklin Savings Bank had \$501,783,000 in total assets. Of these assets, approximately \$341,296,000 or 68.0 percent were in the form of gross loans.

The composition of the Bank's loan portfolio consists of mortgage loans, commercial real estate loans, home improvement loans and a wide variety of consumer loans including automobile, and personal loans. Business and commercial lending is provided through commercial loans and lines of credit. Refer to the following table for the distribution of the bank's loan portfolio.

### **Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent</b>
One to Four-Family Residential Mortgages	212,889	62.4
Commercial Real Estate	79,559	23.3
Construction and Land Development	23,708	6.9
Equity Lines of Credit	18,048	5.3
Commercial and Industrial	5,145	1.5
Consumer Loans	1,947	0.6
<b>Total Gross Loans</b>	<b>341,296</b>	<b>100.0</b>

Source: June 30, 2004 Consolidated Report of Condition.

Benjamin Franklin Savings Bank is primarily a portfolio lender, but it does purchase and sell loans on the secondary market. In 2002, the Bank sold 470 loans totaling approximately \$70 million. In 2003, the Bank sold 625 loans totaling approximately \$92 million. The majority of loans were sold to Freddie Mac and Fannie Mae. In 2002, the Bank purchased 5 loans totaling \$1.2 million. In 2003, the Bank purchased 74 loans totaling \$28 million.

Benjamin Franklin Savings Bank is headquartered at 58 Main Street in Franklin, Massachusetts and is located in a middle-income census tract. The Bank also operates a second office in Franklin and four additional full service offices in Bellingham, Medfield, Milford and Foxboro. The Bank maintains Automated Teller Machines ("ATMs") at all of its full service offices. The ATMs are linked to the CIRRUS, Plus, Discover, American Express networks and the SUM alliance.

There are no legal or financial impediments that prevent Benjamin Franklin Savings Bank from helping to meet the assessment area's credit needs. However, the Bank does operate in a highly competitive market. Competition within the Bank's assessment area consists of several local banks, a branch network of national banks and several mortgage companies. Local banks that compete directly with Benjamin Franklin Savings Bank are; Milford Federal Savings and Loan Association, Strata Bank, Dean Co-operative Bank and Walpole Co-operative Bank. The market influence from these entities appears to be

significant, and as a result, serves to keep the Bank's rates and services offered competitive.

The Division last examined the Bank for compliance with CRA on January 8, 2001. The examination resulted in a rating of "Satisfactory". The FDIC last examined the Bank for compliance with CRA on February 4, 2002. The examination also resulted in a CRA rating of "Satisfactory".

### **Description of Assessment Area**

CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. Benjamin Franklin Savings Bank's assessment area consists of the towns of Bellingham, Blackstone, Dover, Foxboro, Franklin, Holliston, Hopkinton, Hopedale, Mansfield, Medfield, Medway, Mendon, Milford, Millis, Norfolk, North Attleboro, Plainville, Sharon, Sherborn, Upton, Walpole, and Wrentham. All of the geographies are located in the Boston Metropolitan Statistical Area ("MSA") with the exception of one town, which is located in the Providence-Fall River MSA. In 2003, the Bank added the towns of Millville, Northbridge, and Uxbridge to its assessment area which are located in the Worcester MSA.

Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income ("FHI") within the census tract. Based on 1990 Census data, Benjamin Franklin Saving Bank's assessment area contains 50 census tracts. Of these census tracts, 1 is designated low-income (2.0 percent), 4 moderate-income (8.0 percent), 22 middle-income (44.0 percent), 16 upper-income (32.0 percent) and 7 have no income designation (14.0 percent). The low-income census tract is located in the Town of Bellingham and contains only eight households and was excluded from the analysis. Additionally, the seven tracts listed as NA, were excluded as well. One of the tracts, located in Wrentham, was the site of a former state hospital. The remaining six tracts are located on the Bellingham-Blackstone border that contain small slivers of land with minimal to no lending opportunities.

According to 1990 census data, Benjamin Franklin Savings Bank's assessment area, has 93,901 housing units of which, 72 percent are owner-occupied, 24 percent are rental occupied units and 4 percent are vacant housing units. One to four family properties comprise 86 percent of the total housing units.

There are 260,896 individuals who reside in 89,842 households. Distribution of these households by income category, based on 1990 U.S. Census data is as follows: 15.4 percent are low-income households, 12.5 percent are moderate-income households, 19.2 percent are middle-income households, and 52.9 percent are upper-income households. There are 3,355 households, or 3.7 percent of the total households within the assessment area living below the poverty level.

Please refer to the table below regarding other housing characteristics.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>						
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>					
	<b><i>Census Tracts</i></b>	<b><i>House holds</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner-Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>
<b><i>Low</i></b>	2.0%	0.1%	0.1%	0.0%	0.1%	0.0%
<b><i>Moderate</i></b>	8.0%	6.0%	6.1%	4.0%	12.4%	9.2%
<b><i>Middle</i></b>	44.0%	58.9%	59.2%	56.1%	67.9%	65.1%
<b><i>Upper</i></b>	32.0%	35.0%	34.6%	39.9%	19.6%	25.7%
<b><i>NA</i></b>	14.0%	-	-	-	-	-
<b><i>Total or Median</i></b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 1990 U.S. Census

## 2000 Census Information

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of Benjamin Franklin Savings Bank's assessment area by census tract income groupings. In addition, the percentage change in the number of census tracts by income grouping is also reflected.

<b>Change in Assessment Area Demographics</b>					
<b>Census Tracts</b>	<b>1990 Census Data</b>		<b>2000 Census Data</b>		<b>% Change in Number of Census Tracts</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
<b>Low</b>	1	2.0	0	0.0	100.0
<b>Moderate</b>	4	8.0	3	5.6	-25.0
<b>Middle</b>	22	44.0	26	48.1	18.2
<b>Upper</b>	16	32.0	25	46.3	56.3
<b>NA</b>	7	14.0	0	0.0	100.0
<b>Total</b>	50	100.0	54	100.0	8.0

Source: PCI Services, Inc., CRA Wiz Software.

Overall, the Bank's assessment area increased by four census tracts. In addition, the Bank no longer has a low-income census tract and its moderate-income tracts were reduced to three.

According to 2000 census data, in Benjamin Franklin Savings Bank's assessment area, there are 119,162 housing units within the assessment area, of which 76.9 percent are owner-occupied, 20.9 percent are rental occupied units and 2.2 percent are vacant housing units. One to four family properties comprise 87.9 percent of the total housing units.



Please refer to the table below regarding other housing characteristics.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>						
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>					
	<b><i>Census Tracts</i></b>	<b><i>House holds</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner-Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>
<b><i>Low</i></b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><i>Moderate</i></b>	5.6%	5.1%	5.2%	3.4%	11.2%	7.6%
<b><i>Middle</i></b>	48.1%	51.8%	51.9%	48.1%	65.3%	58.1%
<b><i>Upper</i></b>	46.3%	43.1%	42.9%	48.5%	23.5%	34.3%
<b><i>NA</i></b>	0.0%	-	-	-	-	-
<b><i>Total or Median</i></b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

The price of housing continues to rise in the assessment area. The median home value of the assessment area is \$221,688 based on 2000 US Census Data. More recent figures were obtained from *the Warren Group*, publisher of Bankers & Tradesman, revealed that the median selling price for a home in the assessment area as of June 2004 was \$380,000. Prices in the assessment area ranged from a low of \$219,500 in the Town of Millville to a high of \$950,000 in the Town of Dover. Overall, the median prices of homes have increased 7.7 percent in the assessment area versus the same period last year. The escalating home prices have made it extremely difficult for low and moderate-income applicants to qualify for financing. Though the economy, overall has been somewhat stagnant, the assessment area continues to be very affluent and has displayed strong resilience in the residential real estate market.

The median family incomes for the Boston MSA for 2002 and 2003 are \$74,200 and \$80,800, respectively. The median family income for the Providence-Fall River MSA for 2002 and 2003 are \$54,100 and \$58,400, respectively. The median family income for the Worcester MSA for 2003 is \$68,000. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

### **Description of Franklin**

The Town of Franklin first incorporated, as a township in 1778 is a suburban industrial community on the watershed between the Charles and the Blackstone Rivers. Franklin is located in Southeastern Massachusetts, bordered by Norfolk and Wrentham on the east and south, Bellington on the west, and Medway on the north. Franklin has an economic base consisting of retail and commercial sector, a manufacturing sector, and a college. Due to the fact that Franklin has excellent rail and highway facilities, the town has developed into a bedroom town close to Boston and the Providence Rhode Island area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

### **LENDING TEST**

The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area through its lending activities by considering a bank's home mortgage, small business, small farm and community development lending. The bank's lending performance is determined by factors such as the volume of the institution's loans within its assessment area, particularly to low and moderate-income borrowers and geographies; the amount of small business loans originated to businesses with annual revenues less than \$1 million; the institution's responsiveness to community development lending; the use of innovative and flexible lending practices fair lending policies and practices; and the effects of the institution's lending on affordable housing. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

#### **Scope of Evaluation**

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgage and small business loans originated during 2002 and 2003 were included in the Bank's performance.

The data used to evaluate the Bank's lending was derived from the Home Mortgage Disclosure Act/ Loan Application Register ("HMDA/LAR"), small business loan register, and the Bank's community development loan register.

#### ***I. Lending Activity***

The Bank's lending activity and record of extending credit were reviewed during the course of the examination.

The Bank's lending levels reflects a good responsiveness to the assessment area's credit needs. The Bank's assets totaled \$501,783,000 as of June 30, 2004. Gross loans totaled \$341,296,000, representing 68.0 percent of total assets.

The Bank's net loans and leases as a percent of assets, as reported in the March 31, 2004, Uniform Bank Performance Report ("UBPR"), was 64.4 percent. The peer group's net loan to asset ratio was 60.6 percent, placing the bank in the 55th percentile. The Bank's ratio is higher than the peer; however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

Benjamin Franklin Savings Bank's LARs were reviewed to determine the amount of credit extended within the Bank's assessment area. During this period, the bank originated and purchased 2,123 HMDA-reportable loans totaling \$379.5 million. Of this amount, 1,695 loans, or 79.8 percent of the number and \$275.6 million or 72.6 percent of the dollar volume was originated in the Bank's assessment area.

By number, Franklin, accounted for the largest number of originations with 27.8 percent, followed by Bellingham with 8.9 percent. Franklin also accounted for the largest dollar volume of originations with 25.1 percent, followed by Bellingham with 7.1 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

<b>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</b>								
<b>Year</b>	<b>Inside</b>				<b>Outside</b>			
	<b>Number of Loans</b>		<b>Dollar in Loans (000s)</b>		<b>Number of Loans</b>		<b>Dollars in Loans (000s)</b>	
	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>2002</b>	742	79.4%	122,792	75.7%	192	20.6%	39,403	24.3%
<b>2003</b>	953	80.2%	152,875	70.4%	236	19.8%	64,414	29.6%
<b>Total</b>	1,695	79.8%	275,667	72.6%	428	20.2%	103,817	27.4%

Source: HMDA/LAR, CRA Wiz

As shown in the tables above, there has been a large increase in the volume of loans from 2002 to 2003. This was due to the low interest rate environment in 2003. In 2002, Benjamin Franklin Savings Bank ranked 12th out of 470 HMDA reportable lenders in the assessment area. Benjamin Franklin Savings Bank originated 742 loans in the assessment area giving the bank a 1.82 percent market share. The top three lenders in the assessment area were Washington Mutual Bank, FA with a 7.60 percent market share, Fleet National Bank with a 6.95 percent market share, and Countrywide Home Loans with a 6.11 percent share of the market. This level of competition and the market environment further supports the Bank's strong level of lending activity.

### Small Business Lending

Benjamin Franklin Savings Bank Small Business Loans Registers ("SBLRs") were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The Bank originated 91 small business loans totaling \$16.5 million during this period. A total of 79 loans totaling \$11.7 million were originated to businesses within the Bank's assessment area, representing 86.8 percent by number and 71.1 percent by dollar volume. Please refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

<b>Distribution of Small Business Loans Inside and Outside of the Assessment Area</b>								
<b>Year</b>	<b>Inside</b>				<b>Outside</b>			
	<b>Number of Loans</b>		<b>Dollar in Loans (000s)</b>		<b>Number of Loans</b>		<b>Dollars in Loans (000s)</b>	
	#	%	\$	%	#	%	\$	%
<b>2002</b>	32	94.1%	3,642	79.3%	2	5.9%	953	20.7%
<b>2003</b>	47	82.5%	8,119	68.0%	10	17.5%	3,830	32.0%
<b>Total</b>	79	86.8%	11,761	71.1%	12	13.2%	4,783	28.9%

Source: CRA Data Collection

As shown in the above tables, the small business loan distribution reflects a good responsiveness to the assessment area's credit needs.

Given the volume of residential lending and the bank's geographic distribution of residential and small business loans inside the assessment area, Benjamin Franklin Savings Bank's lending activity is considered good.

## ***II. Geographic Distribution***

### **Residential Mortgage Lending**

The Federal Financial Institution Examination Council ("FFIEC") Table 2a shows the geographic distribution of home purchase loans. This table reflects a penetration throughout the assessment area's census tracts. The Bank originated 118 home purchase loans in 2002 and 2003. The highest percentage of loans was originated within the area's middle-income census tracts with 78.26 percent in 2002 and 51.02 percent in 2003. This loan volume is appropriate considering the high number of middle-income census tracts in the assessment area and the high percentage of owner-occupied housing units in those tracts. Upper-income census tracts accounted for 20.29 percent in 2002, and 44.90 percent in 2003. These percentages are also reflective to the proportion of owner-occupied housing located in those census tracts. The moderate-income census tracts accounted for 1.45 percent of home purchase loans in 2002 and 4.08 percent in 2003. The percentage for 2002 is below the percentage of owner-occupied housing units located in moderate-income tracts for that year and is below the aggregates' percentage of 4.16.

FFIEC Table 3a shows the geographic distribution of home improvement loans. The bank originated 19 home improvement loans for 2002 and 2003. The majority of these loans were in middle-income census tracts. Many borrowers use home equity loans to finance their home improvement needs. Therefore, an analysis of this category for the Bank is limited.

FFIEC Table 4a shows the geographic distribution of home mortgage refinance loans. The Bank originated 658 loans in 2002 and 898 loans in 2003. The Bank originated the

highest percent of loans in the middle-income census tracts with 66.26 percent in 2002 and 56.35 percent in 2003. This loan volume is appropriate considering the high number of middle-income census tracts in the assessment area and the high percentage of owner-occupied housing units in those tracts. Benjamin Franklin Savings Banks also originated 31.16 percent of its home mortgage refinance loans in upper-income tracts in 2002 and 41.54 percent in 2003. These percentages are consistent with the high percentage of owner-occupied properties in these tracts. The Bank originated 2.58 percent of its loans in the moderate-income census tracts in 2002 and 2.12 percent in 2003, which are slightly below the 4.04 percent (1990) and 3.44 percent (2000) of owner-occupied properties located there. When compared to the aggregate information for 2002, the Bank originated a smaller percentage of loans than the aggregate in moderate-income census tracts; however is consistent with the percentage of owner-occupied properties.

FFIEC Table 5a shows the geographic distribution of multifamily loans. The Bank originated 2 loans for the period under review. All of the loans were originated in 2002 and were originated in moderate-income census tracts.

### Small Business Lending

FFIEC Table 6a shows the geographic distribution of small loans to businesses. The Bank originated 3.13 percent of its small business loans in moderate-income census tracts in 2002 and 6.38 percent in 2003. Both of those percentages are significantly above the percent of businesses located there. The Bank originated the majority of its small business loans in middle-income tracts for the period under review and is in line with the percentage of businesses located in middle-income census tracts. The geographic distribution of small business loans was also compared to all other small business lenders in Norfolk County. Other small business reporters include bank and non-bank entities such as large national banking companies, other local banks, and finance companies. The most recent data available for this analysis relates to calendar year 2002.

FFIEC Table 7a geographic distribution of small loans to farms was excluded from the analysis because the Bank did not originate any small farm loans.

To summarize, the geographic distribution of the Bank's lending is strongest in the middle-and upper-income census tracts where the majority of census tracts, housing units, and businesses are located, as well as the highest levels of aggregate lending. The Bank's lending to moderate-income areas was adequate. The Bank originated 41 or 2.2 percent of all its residential loans in moderate-income areas.

## ***III. Distribution of Loans by Borrower Income***

### Residential Mortgage Lending

This factor assesses how well the Bank is addressing the credit needs of the area's low-, moderate-, middle-, and upper-income residents. Special consideration is placed on

Benjamin Franklin Savings Banks' record of lending to low- and moderate-income borrowers residing in the assessment area. Information on the HMDA\LARs concerning residential mortgage lending shows a good distribution of loans among all income levels, including both low and moderate-income categories.

FFIEC Table 8a shows borrower distribution of home purchase loans. The Bank originated 118 loans in 2002 and 2003. The upper-income borrowers accounted for the single greatest share of home purchase loans originated at 52.17 percent in 2002 and 45.45 percent for 2003. The high percentage of loans to upper-income borrowers is attributed, in part, to the economic characteristics of the area and the strong loan demand from borrowers in this income category. Lending to middle-income borrowers was much less with 31.88 percent in 2002 and 27.27 percent for 2003. Loans originated to moderate-income borrowers were below the number of family households and lower than 2002 aggregate lending. The Bank originated 11.59 percent of its home purchase loans in 2002 compared to the aggregate, which originated 14.19 percent. In addition, the Bank originated 15.91 percent of its home purchase loans in 2003 to moderate-income borrowers. Lending to low-income borrowers was marginal with 4.35 percent of the total of home purchase loans in 2002 and 11.36 percent for 2003. Although, the percentage of loans to low-income borrowers is less than the percentage of low-income family households in the area, the number of loans is satisfactory considering that mortgage loan demand from borrowers in this income category is typically less than that of the other income groups. In addition, the Bank made a higher percentage of loans to low-income borrowers than the aggregate for 2002.

FFIEC Table 9a shows the borrower distribution of home improvement loans. The Bank originated 13 home improvement loans for 2002 and 6 in 2003. The Bank originated a good number of loans to moderate and middle-income borrowers in 2002. In 2003, the Bank had a fairly even distribution among all income categories. Many borrowers use home equity loans to finance their home improvement needs. Therefore, the analysis of this category is limited.

FFIEC Table 10a shows the borrower distribution of home mortgage refinance loans. The Bank originated 658 loans in 2002 and 898 loans in 2003. Upper-income borrowers accounted for the single greatest share of home mortgage refinance loans originated at 50.93 percent of total volume in 2002 and 43.94 for 2003. The high percentage of loans to upper-income family households is attributed, in part, to the economic characteristics of the area and the strong loan demand from borrowers in this income category. Lending to middle-income borrowers was similar to the percentage of middle-income family households in the assessment area and slightly higher than the aggregate's lending to this income group in 2002. Loans originated to moderate-income borrowers were slightly higher than the percentage of moderate-income family households and greater than the aggregate in 2002. The Bank originated 15.68 percent of its loans to moderate-income borrowers in 2002 and 18.69 percent in 2003. In contrast, the percentage of moderate-income families was 15.05 percent in 2002 and 14.52 percent in 2003. Lending to low-income borrowers was minimal with refinance lending activity at 4.50 percent in 2002 and 7.13 percent for 2003. Loans originated to low-income borrowers were significantly lower than the percentage of low-income families, but was slightly higher than the 2002 aggregate data of 3.44 percent.

### Small Business Lending

FFIEC Table 11a shows the borrower distribution of small loans. The Bank has an excellent record of originating small business loans to business with gross annual revenues under \$1 million. During the review period, the Bank originated 79 small business loans in its assessment area. In 2002, 78.13 percent were originated to businesses with revenues under a million dollars and in 2003, 85.11 percent were originated. Loan size is another consideration for analyzing lending performance to small businesses. The Bank had a good record of lending to small businesses with loan amounts less than \$100,000. Loans less than \$100,000 accounted for 71.88 percent in 2002 and 61.70 percent in 2003.

To summarize, the borrower distribution of the Bank's lending shows that a small portion of its home mortgage loans are originated to low-income borrowers. The Bank originated 6.1 percent of all its loans to low income borrowers in 2002 and 2003. However, there are mitigating factors to account for this including the high cost of housing in the area, and the fact that many low-income borrowers simply cannot afford the costs of home ownership. In addition, Benjamin Franklin Savings Bank ranked 8<sup>th</sup> in lending to low-income borrowers in the assessment area in 2002. The Bank also originated a higher percentage of loans to low-income borrowers when compared to the aggregate for 2002, as well. A good level of loans was extended to moderate-income borrowers. The Bank originated 286 or 16.9 percent of its loans to moderate-income borrowers. The Bank also ranked 10<sup>th</sup> in lending to moderate-income borrowers in the assessment area in 2002. Benjamin Franklin Savings Bank also originated a higher percentage of loans to moderate-income borrowers than the aggregate in 2002. The majority of small business loans went to businesses with revenues less than \$1 million and the majority of the loans are \$100,000 or less.

FFIEC Table 12a borrower distribution of small loans to farms was excluded from the analysis. The Bank did not originate any small farm loans.

### Other Lending

FFIEC Table 1- Other Products were excluded because the Bank did not present other optional loans for evaluation. If data was presented, FFIEC Table 13, also excluded, would have reflected the geographic and borrower distribution of consumer loans.

## **IV. Community Development Lending**

Benjamin Franklin Savings Bank has granted a good level of qualified community development loans during this examination period. As defined in the CRA regulation, a community development loan has as its primary purpose: affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, or activities that revitalize or stabilize low and moderate-income geographies. In addition, unless it is for a multifamily dwelling (five or more units), the loan must not be reported as a home mortgage or small business loan.

During the examination period, Benjamin Franklin Savings Bank originated 4 loans totaling \$6,406,000 that meet the definition of Community Development Loans. The following describes the Community Development Loans originated and committed during the period under review.

On November 12, 2003, the Bank granted a \$2,205,000 loan to a local developer. The proceeds were used to build 56 over 55 housing units in Blackstone. Fourteen of these units are designated as affordable.

On February 18, 2003, Benjamin Franklin Savings Bank along with other local banks participated in a loan pool to be used by local businesses for signs and façade upgrades in the downtown Franklin area. The Bank's portion of the pool was \$25,000.

In 2002, the bank originated 2 multifamily loans totaling \$4,176,000.

Although already noted in other sections of this report, they are worth mentioning again. During 2002 and 2003, the bank originated six HMDA-reportable loans totaling \$1,881,750 that had community development as their primary purpose.

## ***V. Innovative or Flexible Lending Practices***

Benjamin Franklin Savings Bank continues to design and participate in loan programs aimed at meeting the credit needs of low and moderate-income individuals, first time homebuyers and small businesses. These programs are detailed below.

### **5/1 Non-Convertible Loan Program (First time Homebuyer Program)**

This program features a five percent down payment, no reserves, and expanded debt to income ratios. During 2002, the Bank originated four loans totaling \$842,100, in 2003, the Bank originated no loans and year-to-date July 31, 2004, the bank originated four loans totaling \$933,300.

### **No Points No Closing Costs Programs**

These programs began in 2003 and include all fixed rate loans with terms of 15 to 30 years depending on the individual program. In addition the program allows the borrower to make bi-weekly payments. During 2003 the Bank originated 112 loans totaling \$17,340,700 and year-to-date July 31, 2004, the Bank originated 8 loans totaling \$1,228,900.

### **Massachusetts Housing Finance Agency (MHFA)**

The Bank participates in the MHFA's first-time homebuyer programs. These programs feature relaxed debt to income ratios, no reserve requirements and a 97 to 100 percent loan to value. In 2002, the Bank originated three loans totaling \$725,700, during 2003 the Bank made two loans totaling \$365,400 and year-to-date July 31, 2004 the Bank originated one loan for \$255,000.



### GE 100 5/1 Non-Convertible

Introduced in 2004, this program features 100 percent LTV for single family homes, expanded debt ratios and 15 to 30 year terms. The Bank has originated one loan for \$229,000 as of July 31, 2004.

### Pre-Payment 3 year Arm Non-Convertible Credit Program (A-)

This program began in 2004 and allows the Bank to lend to borrowers who have FICO scores between 595-619 with maximum LTV's of 75 percent. As of July 31, 2004 the bank originated one loan for \$300,000.

### Semi-Scored Underwriting for Small Businesses

This program provides small business customers loans up to \$50,000 without any type of underwriting except for credit score. The Bank originated 4 loans totaling \$44,298.

## **VI. Fair Lending Policies and Practices**

The following details Benjamin Franklin Savings Banks' fair lending performance as it relates to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101. Such performance is considered to be excellent.

Benjamin Franklin Savings Bank has a formal Community Reinvestment and Fair Lending Policy, which is reviewed by the Board of Directors annually. The goal of the policy is for the Bank to work proactively to eliminate any potentially discriminatory policies, practices, or procedures.

Employees and managers of the Bank have received training dealing with CRA and Fair Lending related issues annually. The Bank's CRA/Compliance Officer is responsible for developing and implementing the Bank's CRA training and reports the results to the Risk Management and Audit Committee. Training is focused on compliance and fair lending laws and regulations. This training conveys the Bank's commitment to fair lending and to the elimination of potentially discriminating policies and practices.

In an effort to determine the credit needs of the entire assessment area, including low and moderate-income neighborhoods and low and moderate-income individuals, Bank officers, management and Bank staff have developed relationships with many local community organizations. Refer to the service test of this examination for further details of these organizations.

Management periodically reviews its credit products and underwriting standards to ensure that the credit needs of the assessment area are being met. Benjamin Franklin Savings Bank offers flexible and government subsidized and guaranteed loan programs. These products and programs are listed in the flexible lending section of this report.

The Bank has an effective marketing program. Advertising strategies will reflect the racial composition of the communities the Bank serves. The Bank's strategy is to attract new customers, inform the community of its credit services, and make certain that the Bank's efforts reach all segments of the assessment area. The Bank will continue to offer credit education seminars to both residential and small business customers. All of the Bank's origination staff is trained to assist applicants through the loan process. Loan applicants who have credit problems are referred to appropriate credit counseling service providers.

The Bank refers all declined mortgage and small business loan applicants to the proper review boards. In addition, the Bank has a second review policy on declined loans. The Senior Loan Officer reviews all declined loans to see if it was at all possible that the loan could have been made, to ensure that proper application procedures were followed, and to determine whether or not compensating factors were applied fairly and consistently.

The Compliance Department will conduct annual fair lending reviews. In addition, the compliance officer will review statistical analyses of the demographics of the Bank's loan applicants, loan approvals, and loan denials to determine if there is any inadvertent discrimination on a prohibited basis in the Bank's lending activities. The Bank's Compliance Officer conducts comprehensive reviews of the HMDA/LAR and Small Business Loan Register to check for accuracy on a quarterly basis. In addition, the Compliance Officer conducts periodic fair lending audits and CRA audits.

A fair lending review was performed as part of the examination to ensure compliance with the governing fair lending regulations. The review identified no violations of the substantive provisions of the anti-discriminatory laws and regulations.

## **MINORITY APPLICATION FLOW**

Benjamin Franklin Savings Bank's assessment area contains 260,986 individuals, 9,171 or 3.5% of whom are minorities. The assessment area's minority population is 0.1% Native American, 1.0% Asian, 1.0% Black, 1.3% Hispanic and 0.1% Other based on 1990 demographic data. According to the 2000 census, the assessment area contains 328,634 individuals, 17,593 or 5.4% of whom are minorities. Based on 2000 statistics, the area's minority population is 0.1% Native American, 1.5% Asian, 1.2% Black, 1.6% Hispanic, and 1.0% Other.

A review of residential loan applications was conducted in order to determine the number of applications the Bank received from minorities. The Bank received 1,788 residential loan applications from within its assessment area. During this period, 43 applications or 2.4% were received from minorities. Of the 43 applications received, 39 or 90.7 percent resulted in originations.

Distribution of Home Mortgage Loan Applications by Race									
Race	Racial Demographics Per 1990 Census Data (By %)	2002 Aggregate Lending Data (% of #)	2002 Bank Data		Racial Demographics Per 2000 Census Data (By %)	2003 Bank Data*		Total	
			#	%		#	%	#	%
Native American	0.1	0.2	0	0.0	0.1	0	0.0	0	0.0
Asian	1.0	1.3	3	0.4	1.5	11	1.1	14	0.8
Black	1.0	0.5	0	0.0	1.2	2	0.2	2	0.1
Hispanic	1.3	0.6	0	0.0	1.6	0	0.0	0	0.0
Joint Race **	0.0	1.0	12	1.5	0.0	11	1.1	23	1.3
Other	0.1	1.0	2	0.3	1.0	2	0.2	4	0.2
<b>Total Minority</b>	<b>3.5</b>	<b>4.6</b>	<b>17</b>	<b>2.2</b>	<b>5.9</b>	<b>26</b>	<b>2.6</b>	<b>43</b>	<b>2.4</b>
White	96.5	61.4	749	95.2	94.1	<b>948</b>	<b>94.7</b>	1,697	94.9
NA	0.0	34.0	21	2.6	0.0	27	2.7	48	2.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>787</b>	<b>100.0</b>	<b>100.0</b>	<b>1,001</b>	<b>100.0</b>	<b>1,788</b>	<b>100.0</b>

Source: HMDA LAR, CRA Wiz. \*\* Refers to mixed racial composition of joint applicants.

The Bank's minority application flow appears below to the racial composition of its assessment area using 1990 and 2000 Census information.

An analysis was also performed comparing the Bank's application flow levels in 2002 to all other HMDA-reporting lenders. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

Aggregate information for 2002 indicated, that of the 470 HMDA-reportable applications received by all other lenders within the Bank's assessment area in 2002, 4.6 percent were from minorities: 0.2 percent from American Indians, 1.3 percent from Asians, 0.5 percent from Blacks, 0.6 percent from Hispanics, 1.0 percent Joint applicants and 1.0 percent from Other Minorities. The Bank received 17 applications during the same period. Of these, 2.2 percent were from minorities: 0.4 percent from Asians, 1.5 percent Joint applicants, and 0.3 percent from Other minorities. Benjamin Franklin Savings Banks' minority application flow when compared to the other lenders within the assessment area is below the aggregate.

## **VII. Loss of Affordable Housing**

The Bank's participation in community development projects and government lending programs, along with its development of credit products with flexible lending criteria, has assisted low and moderate-income individuals to remain in their neighborhoods.

## **CONCLUSION (Lending Test)**

Taking into account the number and amount of home mortgages and small business loans in its assessment area, Benjamin Franklin Savings Bank has demonstrated good responsiveness to credit needs. A majority of the Bank's loans were made within its assessment area. The loans are reasonably distributed throughout the communities in its assessment area, particularly within moderate-income geographies. The Bank's lending also demonstrates a good distribution of loans among individuals of different income levels and businesses of different sizes. The Bank has demonstrated an established record of serving the credit needs of low and moderate-income individuals and businesses with gross annual revenues of \$1 million or less. The Bank has granted a good level of community development loans. In addition, the Bank's fair lending performance was found to be excellent at this time. Therefore, the institution's lending performance receives an overall rating of High Satisfactory.

## INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments, not just those made since the previous CRA examination.

Benjamin Franklin Savings Bank's qualified investments indicate a good responsiveness to its assessment area's credit and economic development needs since the last examination. The Bank's investment portfolio totals \$110.6 million and comprises only 22.0 percent of total assets, investments consist primarily of Government Agency securities, mortgage backed securities, and other marketable securities. The following describes the institution's qualified investments.

**Access Capital Strategies Community Investment Funds:** On August 1, 2003, the Bank purchased \$2,000,000 in shares of this fund. The Fund is a SEC-registered fund structured as a Business Development Corporation (BDC). The Fund invests in private placements of CRA related assets, including affordable housing, commercial real estate, home mortgages, small business and student loans. As a BDC, the fund also provides technical and managerial assistance to recipients of Fund investments. The principal investment of the fund is mortgage-backed securities. Twenty-eight CRA qualified affordable housing mortgage loans located within the Bank's assessment area secure these shares. On April 14, 2004, the current balance of those loans was \$2,651,344.

## CHARITABLE CONTRIBUTIONS

The contributions made to low and moderate-income individuals or organizations that serve low and moderate-income individuals reflects a good level of responsiveness to credit and community economic development needs.

The Bank has provided contributions and scholarships to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. During 2002, 2003 and year-to-date June 30, 2004 the Bank provided \$174,478 in charitable contributions, of which \$95,632 or 54.3 percent were in support of the development of facilities which promote community development or to low and moderate-income individuals, as defined under the CRA regulation. The following is a sample of community development organizations that received contributions.

- **Hockomock Area YMCA:** The Bank contributed to the 2002, 2003 and 2004 Capital Campaign. The monies from the Bank support programs targeted to area youth and teens in need of financial assistance. In addition, the Bank contributed to the Reach Out For Youth Campaign, which provides confidential scholarship assistance to those

who would otherwise be unable to afford to participate in YMCA programs and activities.

- **The Salvation Army:** This organization offers a variety of services that benefit low and moderate-income individuals.
- **Franklin Housing Authority:** This organization has developed a “Helping Hands Program”. This program assists low-income residents in making rental payments and it maintains their ability to continue their tenancy.
- **Consumer Credit Counseling of Massachusetts:** This nonprofit organization provides financial counseling and educational programs for families and individuals residing in Southern New England. The Bank’s contributions have helped fund the costs associated with the credit education seminars.
- **Milford Family Center:** The center provides a wide variety of family activities and parent education groups, which are offered at little or no cost.

As depicted above, Benjamin Franklin Savings Bank has demonstrated a good responsiveness to the assessment area’s credit and community economic development needs. Therefore, the Bank’s investment performance is rated High Satisfactory.

## **SERVICE TEST**

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. Benjamin Franklin Savings Bank's service activities are rated High Satisfactory.

The Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The Bank's low cost checking and savings accounts as well as the convenience of its automated telephone banking system and the bank-by-mail service are tailored to the convenience and needs of its assessment area.

Officers and employees of the Bank have provided a reasonable level of service activity in response to community needs. Retail banking services and products offer consumers flexibility and convenience. In addition, officers and employees of Benjamin Franklin Savings Bank provide a good level of involvement in community organizations located throughout its assessment area. The following details the institution's services.

### **Retail Banking Services**

#### ***Distribution of Branches***

Benjamin Franklin Savings Bank, a Massachusetts chartered institution, is headquartered in the center of Downtown Franklin at 58 Main Street, which is designated as a middle-income census tract. In addition to its main office, the Bank operates 6 full service offices in the following communities: Bellingham, Medfield, Milford, Foxboro, and an additional branch office located in Franklin. All offices are located in middle-income census tracts with the exception of the Milford office which is located in a moderate-income census tract and Medfield which is located in an upper-income census tract.

#### ***Record of Closing Branches***

The Bank maintains a Retail Banking Office Opening and Closing Policy. The plan outlines basic procedures to be followed should the decision be made to open or close an office. On December 31 2002, the bank closed its school branch located at Franklin High School.

#### ***Alternative Banking Services***

Services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of the bank's assessment area. All of the full service offices offer extended hours during the week and are equipped with 24 hour Automated Teller Machines (ATMs). The ATMs are linked to the CIRRUS, NYCE, PLUS, DISCOVER, AMERICAN EXPRESS HONOR, NOVUS, and VISA networks. All of the office locations offer drive-up window service. Residential loan applications are also available at each location. The Bank is a member of the SUM network that allows the bank's ATM cardholders free use of ATMs at member institutions.

The Bank's Visa Check Card (debit card) performs all of the same functions as an ATM card plus the added buying power of a VISA card. When the debit card is used to make purchases at any merchant displaying the VISA symbol, the amount of the purchase is directly withdrawn from the customer's checking account. There is no fee charged to customers who use the debit card.

Currently, there are 8 bilingual employees to assist the non-English speaking customers and potential customers at the Bank. Second languages include French, Japanese, Portuguese, Greek and French. As a result, the Bank is able to provide better service to customers of different ethnic backgrounds.

The Bank offers customers 24-hour account access through its automated telephone banking system known as Ben's Phone Banking. By utilizing Ben's Phone Banking, customers can access their accounts, obtain balance inquiries, transfer funds from one account to another and obtain current interest rate information. This service is available to all customers and is free of charge.

Bank by mail service is also provided to all customers and prospective customers. Customers commonly use this service to mail in deposits and loan payments. The Bank does not charge a fee for this service and postage paid envelopes are furnished to customers upon request.

### ***Other Services***

As a participant in The Massachusetts Community and Banking Council's (MCBC) Basic Banking Program, Benjamin Franklin Savings Bank offers low cost savings and checking accounts. The following details the low cost savings and checking accounts offered by the bank.

**Regular Savings:** There is a \$10.00 minimum balance on the bank's Regular Savings Account with no monthly fees or service charges. This account has a minimum of \$10.00 to open and earn interest. In addition, this account is available in either a statement or a passbook format.

**Basic Checking:** The Basic Checking Account requires no minimum balance, allows for 8 free transactions per month with a \$3.00 monthly fee. This account requires a minimum of \$25.00 to open. All account holders are offered a free ATM card that can be used free of charge at all of the bank's ATM and SUM locations.

With the direct deposit of a payroll check to a NOW account, the Bank waives all monthly maintenance fees. In addition, monthly maintenance fees are waived on all non-profit organizations deposit accounts.

Customers and potential customers can obtain general bank information such as branch hours, branch location, products and services, etc. through the bank's web site at [www.benfranklinbank.com](http://www.benfranklinbank.com). In addition, Internet banking allows customers to view recent activity on designated accounts, keep an online register, reconcile designated accounts, transfer funds between designated accounts, even pay bills. Customers can download



their account information into their financial software (Quicken® version 99 or greater, MS Money® 98 or greater, etc.).

The Bank offers sweep accounts that allow business account holders to have their company's excess operating funds transferred to a higher yielding account automatically. Funds can be transferred to a Business Tiered Money Market Account free of charge. This service allows businesses to earn higher yields on excess funds and maintain liquidity.

Benjamin Franklin Savings Bank also has internet banking for small business customers. There is a monthly maintenance fee of \$10.00 but it is waived if the average daily balance exceeds \$2,500. The small business website provides business customers the ability to view their accounts, transfer funds, check imaging, and bill payment. In addition, business customers are eligible to receive the commercial checking breakthrough line which provides the customer with overdraft protection in case they become overdrawn on their primary account.

In 2002 and 2003, Benjamin Franklin Savings Bank paid interest to Massachusetts Interest on Lawyers' Trust Accounts (IOLTA) totaling \$11,344 and \$7,959, respectively. Attorneys and law firms maintain these accounts for the short term holding of clients' funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals.

### **Community Development Services**

The CRA regulation defines a community development service as a service that is primarily for community developments purpose and is related to the provision of financial services. Benjamin Franklin Savings Bank's officers and employees are involved with community organizations that address economic and affordable housing development. Through these involvement's, the Bank's staff lends their technical expertise, experience and judgment to these organizations. Detailed below are the Bank's qualified community development services.

On June 7, 2004, the Bank created the "Bencorp Committee" designed to assist the Bank in preserving and enhancing its commitment to the communities it serves. The name Bencorp, standing for Ben's Community Outreach Program, represents the committee's focused commitment to assisting those in need within and around the Bank's community. The committee's vision is to seek out and organize projects that in some way benefit the neighborhood and its residents. The Bank gave the committee \$1500 to finance its start-up.

**Salvation Army:** The Bank's Senior Vice President/Treasurer serves on the Board of Directors and fundraising committee of this organization. In addition to fundraising, all of the meetings of this organization are held at the Bank. The Bank's Training Officer serves as the Foxboro Chapter Attorney in Fact.

**Housing Opportunities Unlimited, Inc.:** This is a non-profit corporation affiliated with Bellingham Housing Authority (BHA). This corporation facilitates providing housing in

projects where BHA cannot be a party due to housing regulations. The Bank's Senior Vice President/ Treasurer serves as President of this corporation.

**Franklin Housing Authority:** This organization manages 400 low-income property units in the Town of Franklin. The Bank's Senior Vice President/Risk Management & Compliance Officer serves on the "Helping Hands" committee which offers financial grants to low-income housing residents for housing related needs.

**Kennedy Donovan Center:** This non-profit organization helps provide services to special needs children and adults throughout southeastern and central Massachusetts. The Bank's Senior Vice President of Commercial Lending serves on the Board of this organization.

**Fletcher Hospital Corporation (FHC):** The FHC is a non-profit, charitable organization whose purpose is to contribute to the care, treatment and transportation of needy persons residing in Franklin. In 2000, this organization expanded its by-laws to include paying contributions to or for any lawful and charitable purpose for the benefit of the needy and indigent residents of the Town of Franklin. The Bank's Chairman of the Board serves on the Board of this corporation.

**Triad:** This organization is a national community policing effort that partners senior citizens with sheriffs departments and police officers for the purpose of keeping seniors safe. Several branch managers serve as treasurers for this organization and the Bank's Senior Vice President/Retail Banking is a Board member of this organization.

**Woman of Today:** The Bank's Human Resources Administrator is Vice President of this organization which conducts many programs and activities designed to benefit low and moderate-income families residing in the community.

**Franklin Downtown Partnership Revitalization Committee:** The Bank's President/CEO serves as a Board member of this organization, an entity that raises funds to revitalize the downtown area. In addition, the Senior Vice President/Retail Banking serves on this committee and a Bank Director serves as the Treasurer of the Franklin Downtown Partnership.

**Massachusetts Mortgage Review Board:** The Bank's Senior Vice President of Risk Management and Compliance serves on this board.

In addition to the above noted organizations, officers, employees and board members of Benjamin Franklin Savings Bank are also actively involved in Chambers of Commerce and Business Associations in many communities within its assessment area.

Other organizations that officers and employees lend their technical expertise to include civic, charitable, religious and fraternal organizations located throughout the assessment area.

## **Educational Seminars and Services**

Benjamin Franklin Savings Bank sponsored a Mortgage Loan Fair on October 21, 2003, which was geared toward first time homebuyers. The seminar was held at the Bank's Main Office and highlighted the various aspects of the home buying process. All of the attendees were eligible for a \$250 discount on their closing costs.

On May 5<sup>th</sup> and 12<sup>th</sup>, 2004, the Bank along with the United Chamber of Commerce co-sponsored two workshops held at the bank's Main Office. These workshops were presented by the South Eastern Economic Development (SEED) Corporation and were aimed at assisting potential and existing entrepreneurs.

In June 2003, the Bank sponsored a seminar using the FDIC "Money Smart" training program. Money Smart is a 10-module curriculum program covering basic financial topics.

The Bank writes to and visits all of the town administrators in each of the 22 towns in the assessment area on an annual basis, indicating the Bank's desire to finance low and moderate-income projects and rehabilitation projects.

The Bank is a participating member of the Massachusetts Bankers Association Foreclosure Prevention Program, which provides counseling to homeowners who need added support in working toward a cooperative resolution when mortgage payments fall behind.

## **CONCLUSION (Service Test)**

As illustrated above, officers and employees of Benjamin Franklin Savings Bank demonstrated a good level of service activity and involvement in community organizations throughout its assessment area. The Bank's products and alternative banking services are tailored to the convenience and needs of its assessment area. Therefore, a rating of High Satisfactory is warranted.

## **APPENDIX A**

### **SCOPE OF EXAMINATION**

Benjamin Franklin Savings Bank has one assessment area, which was reviewed using the examination procedures for large banks. There are twenty-five towns in the assessment area. Twenty-one are located in the Boston Metropolitan Statistical Area, one is located in the Providence-Fall River-Warwick RI-MA MSA, and three towns are located in the Worcester MSA.

This evaluation includes a review of the Bank's HMDA reportable loans and commercial lending, specifically, small business loans. The Bank's, HMDA Disclosure Statements (2002), and HMDA LAR (2003) loan origination records provided information on residential mortgage lending and information concerning the Bank's small business lending was obtained from CRA Data Reports.

The Bank's qualified investments were also reviewed and exhibit adequate responsiveness to credit and community economic development needs.

In addition, the Bank's systems for delivering retail banking services and the provision of community development services were considered.

Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area obtained from CRA WIZ. The examination also included a review of the Bank's Public File, which contained no negative CRA-related comments.

## **APPENDIX B**

### **METROPOLITAN STATISTICAL AREAS**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BOSTON, MASSACHUSETTS MSA:**

This portion of the Benjamin Franklin Savings Banks' assessment area includes all of the following towns and cities: Bellingham, Blackstone, Dover, Foxboro, Franklin, Holliston, Hopkinton, Hopedale, Mansfield, Medfield, Medway, Mendon, Milford, Millis, Norfolk, Plainville, Sharon, Sherborn, Upton, Walpole, and Wrentham. The bank operates all six branches within this area. There are 48 census tracts in this area: 1 low-income, 4 moderate-income, 21 middle-income, 15 upper-income, and 7 as NA. According to 1990 Census information, the total number of households is 80,652. The distribution of households by income level is as follows: 15.7 percent low-income, 12.4 percent moderate-income, 19.3 percent middle-income, and 52.6 percent upper-income. The distribution is almost identical to that for the entire assessment area. The housing stock is 73.8 percent owner-occupied, similar to that of the assessment area. Slightly more than 87 percent of the units are one-to-four family. The median housing value is \$185,707 and the median age of the housing stock is 41 years. According to 2000 Census information, there are also 45 census tracts in this area: 3 moderate-income, 21 middle-income, and 21 upper-income. There are 97,445 households in the assessment area. The distribution of households by income level is as follows: 16.0 percent low-income, 12.6 percent moderate-income, 17.6 percent middle-income, and 53.8 percent upper-income. The median housing value is \$240,915 and the median age of housing stock is 31 years.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BOSTON, MASSACHUSETTS MSA:**

##### Lending Test

A majority of the Bank's residential and small business lending activity was focused within this MSA. Over the period covered by the analysis, the Bank originated 1,617 home mortgages or 95.4 percent of the total home mortgage lending, and 76 small business loans, or 96.2 percent of the small business total within this MSA.

During the evaluation period, the Bank originated approximately 2.4 percent of its HMDA-reportable residential loans in moderate-income tracts within the MSA. This is exactly similar to the distribution for the assessment area overall because this is the only MSA with moderate-income census tracts. The Bank originated 3.3 percent of its small business loans in moderate-income tracts.

HMDA reportable mortgage lending to low and moderate-income borrowers was 6.0 percent and 16.2 percent, respectively, and very similar to the Bank's overall distribution to low and moderate-income borrowers.

The community development loans noted in this report were originated in the Boston MSA. All government sponsored and first-time homebuyer programs are available within the MSA.

#### Investment Test

Performance under the Investment Test is comparable to performance in the assessment area overall. The majority of the investments and donations were made to organizations located within the MSA or benefited residents of the MSA.

#### Service Test

Hours and services available at branch offices in the Boston MSA are the same as all other branches. The majority of the community development services that the bank participates in are within the MSA. Several officers or Board members provide community development services to organizations that primarily support individuals and businesses in this MSA.

Overall, the Bank's performance within the Boston MSA is consistent with its overall performance.

## APPENDIX C

### FFIEC Interagency Core CRA public Evaluation Tables

#### OVERALL LENDING DATA

Depending on the number of optional loan products being considered in the CRA evaluation, Table 1 can consist of two separate and distinct “subtables”.

##### Table 1: Lending Volume

- Presents the number and dollar amount of reportable loans originated and purchased by the institution and its affiliates, if applicable, over the entire evaluation period by assessment area. The deposit data in this table are compiled by the FDIC and are available only as of June 30<sup>th</sup> of each year.

##### Table 1: Other Products

- Presents the number and dollar amount of any unreported category of loans originated and purchased by the institution and its affiliates, if applicable, also being considered during the CRA evaluation.

Examples include consumer loans or other data an institution may provide concerning its lending performance.

#### LENDING PRODUCTS\*

Table 2 and 2a: Geographic Distribution \*\* of Home Purchase Loans

Table 3 and 3a: Geographic Distribution of Home Improvement

Table 4 and 4a: Geographic Distribution of Home Mortgage Refinance Loans

Table 5 and 5a: Geographic Distribution of Multifamily Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies.
- Presents the most recent aggregate or market share data available.

##### Table 6 and 6a: Geographic Distribution of Small Loans to Businesses

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\* Whenever a table has a column for a “% of Total,” the percentage should be of the total for the *rated area*, not the overall institution.

\*\* None of the tables containing information relating to distribution by income level of geography (Tables 2 and 2a through 6 and 6a and tables 13 and 14) include a column for geographies that have not been assigned an income classification. These are commonly referred to as “NA” geographies. As such, the sum of the distribution in low-, moderate-, middle-, and upper-income geographies in an assessment area may not equal 100 percent. Loans lacking income data are not included in the calculation of the distribution by income level of geography.

- Shows the percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of businesses (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

#### Table 7 and 7a: Geographic Distribution of Small Loans to Farms

- Shows the percentage distribution of the number of small loans (less than or equal to \$500 thousand) to farms originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies compared with the percentage distribution of farms (regardless of revenue size) throughout those geographies.
- Presents the most recent aggregate or market share data available.

Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the institution's assessment area.

#### Table 8 and 8a: Borrower Distribution of Home Purchase Loans

#### Table 9 and 9a: Borrower Distribution of Home Improvement Loans

#### Table 10 and 10a: Borrower Distribution of Home Mortgage Refinance Loans

- Compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each assessment area.
- Presents the most recent aggregate or market share data available.

#### Table 11 and 11a: Borrower Distribution of Small Loans to Businesses

#### Table 12 and 12a: Borrower Distribution of Small Loans to Farms

- Compares the percentage distribution of the number of small loans (for businesses, less than or equal to \$1 million; for farms, less than or equal to \$500 thousand) originated and purchased by the institution and its affiliates, if applicable, to businesses or farms with revenues of \$1 million or less to the percentage distribution of businesses or farms with revenues of \$1 million or less or .
- Presents the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, by loan size, regardless of the revenue size of the business or farm.
- Presents the most recent aggregate or market share data available.



Table 13: Geographic and Borrower Distribution of Consumer Loans

- For geographic distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, in low-, moderate-, middle-, and upper-income geographies with the percentage distribution of households within each geography.
- For borrower distribution, compares the percentage distribution of the number of loans originated and purchased by the institution and its affiliates, if applicable, to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each assessment area.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## **BENJAMIN FRANKLIN SAVINGS BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 26, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.